

what we see here is small business has been taken hostage by people who never liked Sarbanes-Oxley because the argument the gentleman makes has nothing to do with the specifics of the gentleman's amendment.

Mr. REGULA. Reclaiming my time, and I yield to the gentleman from Florida (Mr. FEENEY).

Mr. FEENEY. I thank the gentleman. The chairman is very sophisticated. He understands free markets more than anybody even though he doesn't always believe in free markets. But the truth of the matter is we have lost our capital market leadership for the first time in 100 years. There may be other variables, and I would agree with the chairman. But one of the variables is Sarbanes-Oxley is discouraging investment in America. By the way, American investors are sending their money overseas.

And I would ask the chairman very briefly: Do you agree or not agree that overtaxation, overregulation through Sarbanes-Oxley, and section 404, by the way, was never debated in the committee that you now chair. It was done in the Senate.

The Acting CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Again, the gentleman from Florida has made a general assault on Sarbanes-Oxley. He is now attacking Speaker HASTERT. The number of people who are in trouble on the Republican side by this group grows and grows and grows. It is the Speaker of the House, the gentleman from Illinois, the former Speaker, who apparently acquiesced, inappropriately, according to the gentleman. Take it up with him, I would say to the gentleman.

Mr. FEENEY. Would the gentleman yield?

Mr. FRANK of Massachusetts. Briefly.

Mr. FEENEY. Was section 404 ever debated in the Financial Services Committee that you now chair?

Mr. FRANK of Massachusetts. Because I was not the chairman, I do remember discussion of it during the conference report. But reclaiming my time.

Mr. FEENEY. Wait a minute, you didn't answer the question.

Mr. FRANK of Massachusetts. It is my time.

Mr. FEENEY. Was 404 ever debated?

Mr. FRANK of Massachusetts. Regular order, Mr. Chairman.

The Acting CHAIRMAN. The gentleman from Massachusetts controls the time.

Mr. FRANK of Massachusetts. The fact is that I will not allow my time to be diverted by internecine Republican warfare. You don't like George Bush's bill that he signed. You don't think that Oxley did a very good job. You are upset at your own leadership procedurally. You think Chris Cox doesn't know what he is doing. You disagree with Paulson.

Mr. Chairman, they can fight it out. I would like to discuss substance. I'm not here to get even for past grievances that Republicans have with other Republicans.

Again, the gentleman from Florida's assault has nothing to do with this amendment, but it is relevant in this sense: It shows that what we have here is the beginning of an attack on Sarbanes-Oxley.

The IPOs, small business don't do IPOs. Small business hasn't left America to go to England. That is the clear indication of what is up.

Now to get back to the substance, Chairman Cox and the other members of the commission said we agree it went too far in the regulation. We are scaling it back. We are scaling it back first for the big businesses who will be affected by it, and we will learn from that scaling back how much it will help smaller businesses.

Again, the gentleman from New Jersey quite unfairly mischaracterized what the commissioners said. The commissioners didn't say "we don't know," period. They said we don't know now because we expect to get experience from the reductions in the scaling back we have already ordered, and that will tell us how that will help small businesses.

Mr. GARRETT of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. FRANK of Massachusetts. I yield to the gentleman from New Jersey.

Mr. GARRETT of New Jersey. I quite candidly don't recall in any of the questioning by my side of the aisle or yours that he used the word "yet."

Mr. FRANK of Massachusetts. The gentleman is simply wrong. He made it very clear. I am quoting him almost verbatim when I say they said: We will find out from scaling back in general how much it will save, and then we will be able to tell you how much the savings will be.

No, I am not yielding any more because this is just not a debatable issue. The five commissioners didn't say simply "we don't know." They said, "We don't know as of now, but we will know better once we have had this experience."

I want to go back and respond, the gentleman from Florida said the SEC is fiddling while capital markets burn. I don't think Chris Cox is fiddling.

Mr. OBEY. Mr. Chairman, I move to strike the last word.

Let me simply say, Mr. Chairman, I recognize this specific discussion is aimed at Sarbanes-Oxley. But in fact I have been around here for awhile, and I know that this occurs in the context of a much broader and much more insidious pattern.

The fact is if you take a look at what Republican controlled Congresses have tried to do since 1995, you will see that they have voted for appropriation after appropriation that cut the SEC budget even below the President's request. What that meant was that while that agency's workload was expanding and

exploding, the ability of the SEC staff to keep up with that workload was being undermined by this body.

The percentage of all corporate filings reviewed by the agency declined dramatically from 21 percent in 1991 to about 8 percent in 2000. Is it any wonder that the Enrons of this world were convinced that they could get away with anything. After Enron failed and after we had a series of other corporations that failed, and their officers went to jail, people got scared. They decided we better do something or we will be seen as being complicit in the abandonment of government's obligation to see that investors are protected.

So what happened is they were scared finally in backing into passing Sarbanes-Oxley. They fought it all the way. And now that it is on the books and the heat is off and the cops ain't watching as much, then what are they doing, they once again want to whittle away at Sarbanes-Oxley. Not with my vote they are not going to.

I yield to the gentleman from Massachusetts.

□ 2345

Mr. FRANK of Massachusetts. Let me make the substantive argument here.

Law enforcement in America is not totalitarian. It is not authoritarian. It requires a buy-in by those regulators. And that's why this amendment would do so much damage. There is, of course, a disconnect between the amendment which hides behind small business and the broader attack on Sarbanes-Oxley that we have heard from the two speakers.

But here's where the connection comes in. The SEC, with the full backing of Secretary Paulson, all these Republican nominees, Secretary Paulson from Goldman Sachs, Chris Cox and the others, they understand that Sarbanes-Oxley was overwritten in the regulatory phase. They are writing it down, but they don't want people to just think this is chaos. They have asked us explicitly, the Secretary of the Treasury and the SEC, the Republican appointees, to let them work this out. They agree that it needs to be reduced.

But if you start now with Congress piecemeal amending it, the degree of consensus they are trying to reach in the business community will erode. If people think, oh, we got one amendment through, we got this piece out, then there will be others who want another piece, people who have always resented it. And Mr. Cox has been very careful to try to get, for instance, unanimity in the commission because he wants people not to think this is a chance he's saying, it's going one way, it's going the other. And to begin now to whittle away at his authority, when he is in the process of doing exactly what critics of Sarbanes-Oxley as it now stands say they want to do, undermines his ability to reform this in an orderly way.